

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

August 7, 2006

TO: *California Nutrition Network (Network)* Project Coordinators

SUBJECT: Program Letter #06-03
Clarification of Food Stamp Nutrition Education (FSNE) Policies

The United States Department of Agriculture (USDA) completed an administrative review of the *Network* and issued a report of the findings on July 18, 2006. In the findings, USDA requested that the *Network* issue a Program Letter clarifying the following policies from the USDA Food Stamp Nutrition Education (FSNE) Plan Guidance for federal fiscal year (FFY) 2007 that were not being adhered to consistently by *Network* contractors. The following clarifications need to be incorporated immediately by *Network* contractors and will be reviewed for compliance during FFY 2007:

- 1) Expenditures claimed under both Federal and State Match budgets must be allowable per FSNE annual guidance and appropriately allocated, tracked, invoiced and documented. Federal and State Match activities and costs must be administered identically.
- 2) Semi-annual certifications for all staff dedicating 100 percent time to FSNE must be maintained. Weekly records are required by any staff dedicating less than 100 percent time to FSNE, unless USDA Food and Nutrition Services (FNS) has approved an alternative time study methodology for such staff. All time efforts must be completed by the individual contributing time and based upon actual hours worked for FSNE. Please see attached semi-annual certification form. We prefer that you use this form, but if you have another certification methodology, please provide a sample to your assigned contract manager.
- 3) The use of alternative time study methodology requires prior USDA approval. Contractors should submit requests for alternative time study methodology to their assigned Contract Manager for processing with USDA. Requests for alternative time study methodology should include a justification as to why such an alternative methodology is needed and how it will accurately reflect staff time

for their particular project. Requests must be submitted in the State Plan and reviewed and approved by USDA.

- 4) Staff salaries claimed through Federal and State Match budgets, particularly those for subcontractors, consultants, and physicians, must be reasonable and necessary to the direct provision of FSNE services, and reflect wages comparable to that for the nutrition education activity they are performing.

The “reasonable cost” test includes the following criteria:

- Provides a program benefit generally commensurable with costs incurred
- Is in proportion to other program costs
- Is a priority expenditure relative to other demands

The “necessary cost” includes the following criteria:

- Is incurred to carry out essential functions
- Cannot be avoided without adversely affecting operations
- Does not duplicate existing efforts

- 5) For staff dedicating less than 100 percent full time equivalent (FTE), contractors need to pro-rate costs of travel, office space, etc... to reflect the percentage of time spent or the proportion of the activity that relates directly to FSNE. (Exceptions: travel to *Network* sponsored trainings and conferences)
- 6) All contractors targeting 185 percent of Federal Poverty Level (FPL) and receiving FSNE funding are required to submit targeting data for each intervention site as part of the annual Funding Application Packet (FAP) included in the Project Summary form. (Exception: Contractors working under the location-specific proxy criteria which include persons at food banks, food pantries, soup kitchens, public housing, and FSP/TANF job readiness programs). If sites are added or locations changed, targeting data must be submitted to the *Network* Program Manager staff for review. Any sites for which required targeting data and data sources are not submitted are ineligible to receive FSNE services and funding.
- 7) Both State Match documentation report and invoices are due to California Department of Health Services (CDHS) thirty days from the end of the quarter. Timeliness of these important fiscal documents is an important aspect of fiscal compliance to USDA. The *Network* will strive to process invoices in an expeditious manner.

Please contact your assigned Contract or Program Manager if you have any questions regarding any of the above clarifications. We also encourage you to download and review USDA guidance at www.nal.usda.gov/foodstamp/National_FSNE.html.

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We thank you for your efforts and hard work on behalf of low-income Californians. Special thanks are extended to those partners who participated in site visits or desk reviews which resulted in a successful USDA review. They helped demonstrate that the *Network* is providing innovative nutrition education that is improving the lives of our low-income target populations while following the new USDA rules.

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Enclosures